

POSTED
DW4-2661

ACCEPTED
Legal 284-26-01

APRIL 11, 2001

Mr. Gary E. Walsh
Executive Director
The Public Service Commission of South Carolina
P. O. Drawer 11649
Columbia, S. C. 29211

S. C. PUBLIC SERVICE COMMISSION
RECEIVED
APR 11 2001
RECEIVED
UTILITIES DEPARTMENT

Dear Mr. Walsh:

IN RE: Application of Dowd Water System for
of an Increase in Water Rates for Stephenson's Lake
DOCKET NO. 2001-75-W

Attached hereto is my application for a rate increase for Stephenson's Lake subdivision which I own and manage. I would appreciate it if you could render a decision as soon as possible since I am losing money on its operations.

Very sincerely yours,

Sue Dowd
Dowd Water System
77 Dowd Road
Prosperity, SC 29127

APPLICATION OF STEPHENSON'S LAKE
DOCKET NUMBER 2001-75-W

INFORMATION TO BE FILED WITH THE COMMISSION FOR AN INCREASE IN WATER AND OR
SEWER RATES AND CHARGES

1. Stephenson's Lake operated at a loss for the twelve months ended December 31, 2000 and a negative operating margin of (12.67%). On April 1, 2001, an independent contractor began testing the system at an additional costs of \$6,618 per year. Because of the losses and the lack of available funds, the owner does not receive a salary for managing the system.

After pro forma and accounting adjustments, the system is operating at a loss of \$4,609 and an operating margin of negative 102.42%. Relief is needed quickly in order to maintain proper service to the customers.

2. See Attachment 1 and 1-A

3. Proposed rate schedule:

Proposed monthly rate: \$51.00 per month for unlimited usage

Disconnect Fee: \$90.00 (\$75.00 Contract Cost plus mailings and travel by owner, \$15.00)

Reconnect Fee: \$90.00 (\$75.00 Contract Cost plus mailings and travel by owner, \$15.00)

4. The test year to be used is the twelve months ended December 31, 2000. See Attachment 1 and 1-A Attached.

5. Pro Forma Income and Expense Statement. See Attachment 1 and 1-A.

6. During the year 2000, this company was an individual proprietorship and no Balance Sheet was maintained. The company request a waiver of this item.

7. There is no depreciable property since the assets are fully depreciated.

8. The system is maximized out. No additional customers can be added.

9. The customers would receive unlimited amounts of water for the proposed rates of \$51.00 per month. After the proposed rates, the Operating Margin is 32.39%. Since the owner does not receive any compensation from the company, but is having to put money into it, the cost per month is justifiable.

10. Performance Bond. Separate Item. Hand delivered along with item 11 below.

11. Service map. Provided by separate cover because of bulkiness along with item 10 above.

12. Total plant investment. All plant has been fully depreciated. The replacement cost, though, has been appraised at \$46,320.

13. Most recent letter from DHEC. See Attachment 2.

14. Customer Bill Form. See Attachment 3

15. Because of losses incurred by this utility, I request that my application be heard and a decision be made by the Commission as soon as practical.

ATTACHMENT #1
STEPHENSON'S LAKE

STEPHENSON'S LAKE
OPERATING MARGINS
FOR THE TEST YEAR ENDING DECEMBER 31, 2000

	PER BOOKS	PROFORMA AND ACCOUNTING ADJ. ADJUSTMENTS	AFTER ADJUSTMENTS	EFFECT OF PROPOSED INCREASE	AFTER ADJ. PROPOSED INCREASE
	\$	\$	\$	\$	\$
OPERATING REVENUES:	4,500	0	4,500	10,800 (5)	15,300
OPERATING EXPENSES:					
Electricity	1,157	0	1,157	0	1,157
Testing Fees	500	(500)(1)	0	0	0
Operator	1,800	4,818 (1)	6,618	0	6,618
Chemicals	186	(186)(1)	0	0	0
Office Supplies (1)	220	0	220	0	220
Repairs	1,047	0	1,047	0	1,047
Repair Door	50	(50)(2)	0	0	0
Assessment Taxes	110	(87)(3)	23	54 (6)	77
Property Taxes	0	0	0	0	0
Management Fees	0	0	0	0	0
Rate Case Expense	0	44 (4)	44	0	44
Income Taxes	0	0	0	1,181 (7)	1,181
TOTAL OPERATING EXPENSE	5,070	4,039	9,109	1,235	10,344
TOTAL OPERATING INCOME	(570)	(4,039)	(4,609)	9,565	4,956
OPERATING MARGINS:	(12.67%)		(102.42%)		32.39%

DOWD WATER SYSTEM
(STEPHENSON'S LAKE)
DOCKET NO 2001-75-W

EXPLANATION OF ACCOUNTING AND PRO FORMA ADJUSTMENT

ADJUSTMENT NUMBER 1: Testing Fees, (\$500); Operator Fees, \$4,818; and Chemical Costs, (\$186). Effective April 1, 2001, a private contractor assumed the responsibility of all testing at Stephenson's Lake and Emerald Shores at \$1,103 per month (\$13,236 per annum). One-half of this cost, or \$6,618, is charged to Stephenson's Lake.

ADJUSTMENT NUMBER 2: Repair Door, (\$50). Repairs to a door is eliminated as an extraordinary and nonrecurring costs.

ADJUSTMENT NUMBER 3: Assessment Taxes (\$87). The assessment tax by the Public Service Commission of South Carolina is annualized at .005 times \$4,500, thus, reducing the adjusted amount to \$23.

ADJUSTMENT NUMBER 4: Rate Case Expense, \$44. The cost by the Accountant is \$400 for three dockets. One-third of this amount, \$133, is amortized over a three-year period.

ADJUSTMENT NUMBER 5: Effect of the Proposed Increase, \$10,800. The proposed increase is \$36 per month for twenty-five customers (\$36 X 25 customers X 12 months equals \$10,800).

ADJUSTMENT NUMBER 6: Assessment Tax, \$54. The gross receipts tax is computed at .005 times the proposed increase of \$10,800.

ADJUSTMENT NUMBER 7: Income taxes, \$1,181. On proposed Revenues of \$15,300 and proposed Expenses of \$9,163, taxable income is \$6,137. The taxable rate of 19.25% was applied for Income Taxes of \$1,181.



ATTACHMENT #2
STEPHENSON'S LAKE
PAGE 1

CENTRAL MIDLANDS EQC DISTRICT
PO Box 156, Building #5
State Park, SC 29147
(803) 896-0620 Fax (803) 896-0617

April 4, 2001

Sue Dowd
77 Dowd Road
Prosperity, SC 29127

RE: Sanitary Survey of Stephenson's Lake, Emerald Shores, and Isle of Pines
Water System Number 3250018, 3250088, 3250062
Lexington County

Dear Mrs. Dowd:

On March 22, 2001, a follow-up sanitary survey of the above referenced water systems was conducted by South Carolina Department of Health and Environmental Control (the Department) personnel. Present at the time of the survey was Sue Dowd, the owner of the system. The intent of a survey is to evaluate a public water system's ability to provide a continuous supply of safe drinking water to its customers following the guidelines established by the State Primary Drinking Water Regulations, (R.61-51).

The enclosed sanitary survey report consists of a list of the deficiencies that were noted during the survey, along with any general comments or recommendations concerning the water system and its operation.

The following deficiencies were noted and recommendations are made:
Bold typeface indicates any changes from the original Survey of April 10, 2000.

Stephenson's Lake

1. Item #2: Protection from contamination- Well two (2) was missing a screened air vent. The vent must be replaced in order to prevent potential contamination from entering the well. The vent can be a goose neck type with twenty-four (24) mesh screen over the opening, or manufactured slotted pipe with effective opening of .024 inches or smaller (R.61-58.2 (B), page 15).
2. Item #3: Security- The locks on both wells five (5) and six (6) need to be fixed.
3. Item #10: Chemical feed rooms- When the chlorine drum is replaced, it needs to be graduated. Also, the operator must use a graduated container to fill the chemical drums, so that a precise measurement of the amount of chemical added can be recorded in the log.
4. Item #17: Valve/hydrant maintenance- The valves must be exercised at least once a year. When this is done it must be documented and, kept in your files with the other records.
5. Item #18: Flushing Program- There was no written flushing program on hand during the survey. Enclosed is a sample plan, which can help you to develop your own program.

6. Item #25: Storage security- Both storage tanks must be secured by a perimeter fence. Preferably, the fence should be a minimum of six (6) feet tall and should have barbed-wire capping. This will decrease the probability of contamination due to vandalism, tampering and/or sabotage (R.61-58.7 C (18), page 222).

7. Item #27: Maintenance- The storage tank at the chemical room is rusting and needs to be repainted. The Department must be notified, in writing, ten (10) days prior to repainting a storage tank, (R.61-58.7 E (14), page 226). Included with this report is a guidance document on the repainting of existing storage tanks. Also, the pressure gauge on the storage tank at well two (2) is inoperable.

8. Item #28: Certified operator- This system must have a certified operator with at least a D grade license. Please provide to this office immediately, the name and license number of the operator in charge of this system. Per our phone conversation of March 30, 2001 at 9:30 AM, E.A. Services will provide the certified operator starting the week of April 1-7, 2001. Per a phone conversation between Mrs. Sue Dowd, and Mr. Larry Boland, of the Department, operators will be checking the system three (3) times a week. Please note that a certified operator must make daily visits to the system.

9. Item #30: Monitoring/reports/record keeping- Please mail the Department copies of your bacteriological monitoring reports, sample siting plan, and operator logs for the past 12 months. There were no operator's logs on hand in the chemical rooms.

10. Item #35: Procedures Manual- Each system must have a procedures manual which would include the following:

- A. Detailed instructions on starting and stopping any treatment plant
- B. Preventative maintenance procedures and schedules for equipment
- C. Water quality monitoring records
- D. Reporting and public notification requirements
- E. Sampling and analytical procedures for monitoring water quality
- F. Sample siting plan
- G. Valve and hydrant maintenance procedures
- H. Distribution system flushing program
- I. Disinfection requirements for the repair of wells, tanks, and water lines
- J. Cross-connection control program
- K. Leak detection and repair program
- L. Safety procedures

Enclosed is a sample procedures manual which you can use to develop your own.

11. Item #37: Emergency Plan- All systems must have an emergency plan which contains the following information

- A. The telephone number of the Department's district office, the Department's Bureau of Water office and the Department's twenty-four hour telephone number.
- B. The names and numbers of current chemical suppliers
- C. The names and numbers of the electric, natural gas, telephone and cable companies
- D. The names and numbers of the potential sources of spare parts, pipe sections and pipe repair parts.
- E. The names and telephone numbers of contractors to call for making any repairs

beyond the capability of the system personnel.

- F. The names and numbers of well drillers
- G. Arrangements for obtaining emergency power.
- H. Arrangements for obtaining potable water
- I. An up-to-date distribution map showing line sizes, the location of larger valves, fire hydrants, blow-offs, and pumping, storage, and treatment facilities
- J. Procedures for notifying the public and media including a sample Boil Water Notice and a sample Boil Water Advisory.
- K. Emergency disinfection procedures for wells, water lines and storage tanks.

Enclosed is a sample emergency plan which will be helpful in developing your own plan.

Emerald Shores

- 1. Item #2: Protection from contamination- The seal at well two (2) must be caulked to avoid potential contamination from entering the well. Also, the cement pad at well one (1) has a small crack that must be patched.
- 2. Item #3: Security- the well house at well 2 must have a lock.
- 3. Items #7-11: Water treatment- Chlorination was added sometime after the 1996 survey. This was done with out proper approval from the Department. A construction permit must be obtained prior to placing any treatment program on the system. To obtain a permit for the chlorine feed system, plans and specifications from a professional engineer licensed in the state of South Carolina must be submitted to Mr. Chris Childs at 2600 Bull St., Columbia, SC 29201-1708. **Please have these items submitted by May 4, 2001.**
- 4. Item #25: Storage security- see #6 of Stephenson's Lake
- 5. Item #27: Maintenance- see #7 of Stephenson's Lake
- 6. Item #28: Certified operator- see #8 of Stephenson's Lake
- 7. Item #30: Monitoring/reports/record keeping- see #9 of Stephenson's Lake
- 8. Item #35: Procedures manual- see #10 of Stephenson's Lake
- 9. Item #37: Emergency plan- see #11 of Stephenson's Lake

In November of 2000, work was performed on both wells in Emerald Shores. Subsequently, one of the wells has been offline. As of March 30, 2001, both wells are back online and operating properly.

Isle of Pines

- 1. Item #2: Protection from contamination- the wiring at the well must be put in conduit, and the well must have a cement pad which is six feet by six feet and 4 inches thick with the well centered. This will protect the well from potential contamination from surface water.
- 2. Item #20: System map- There was no system map on hand during the inspection. Each system must have a map which includes where the well, tanks, and water lines are located. This map will aid in the

ATTACHMENT # 2
STEPHENSON'S LAKE
PAGE 4

operation of the system and in response to emergency situations.

3. Item #30: Monitoring/reports/record keeping- Please mail the Department copies of your bacteriological monitoring reports for the past 12 months and the sample siting plan.

All items were unchanged from the previous survey. Each item was reviewed by myself and Mrs. Dowd and I have enclosed information to help explain several of the deficiencies. The overall ratings of the above-mentioned systems are 'Unsatisfactory' due to the deficiencies from the previous survey not being corrected. Also, it is imperative that Stevenson's Lake and Emerald shores are visited daily by a certified operator. Thank you for your time and assistance. If you have any questions, please contact me at 896-0620.

Sincerely,



S. Michele Culbreath
Central Midlands EQC District

CC: Doug Kinard, DHEC Drinking Water Compliance
Susan Alder, DHEC Drinking Water
Sue Ferguson, Palmetto Health District
Lexington County Health Department

PUBLIC WATER SYSTEM SANITARY SURVEY REPORT
GROUNDWATER SYSTEMSATTACHMENT #2
STEPHENSON'S LAKE
Page 5System Name : STEPHENSON'S LAKE
System Number: 3250018

LAST SURVEY: 04/10/2000

SURVEY Date: 3.22.01

SOURCE:		21. Sample siting plan..... S	A. Plant Group (I - V)..... I
1. Quantity..... S	22. Disinfectant Residual.... S	B. Operator Grade	
2. Protection from contam... <u>U</u>	STORAGE:	A..... 0	
3. Security..... <u>U</u>	23. Capacity..... S	B..... 0	
4. Wellhead piping..... S	24. Sanitary protection..... S	C..... 0	
5. Pumps..... S	25. Security..... U	D..... 0	
6. Flow meter..... <u>U</u>	26. Bypass/drain/tap..... S	T..... 0	
WATER TREATMENT:	27. Maintenance..... <u>U</u>	C. Field Tests	
7. Filtration..... N	OPERATIONAL CONTROL:	Chlorine.....	
8. Equipment O & M..... S	28. Certified operator..... <u>U</u>	pH.....	
9. Chemical storage..... S	29. Testing equipment..... S	psi.....	
10. Chemical feed rooms..... <u>U</u>	30. Monitor/Rpt/Record keep. U	Other.....	
11. Chemical inject pt/sam... S	GENERAL O & M:	D. Samples Taken	
DISTRIBUTION:	31. Plant Security..... N	Bacteriological.....	
12. Water Quality..... S	32. Facility maintenance..... S	Inorganic.....	
13. Operation & Control..... S	33. Supplies/spare parts..... S	Organic.....	
14. Adequate pressure..... S	34. Waste disposal..... N	Radiological.....	
15. Fire flow..... N	35. Procedures manual..... U	Other.....	
16. X-Connection control..... S	EMERGENCY OPERATION:	E. Type Inspection... ROUTINE	
17. Valve/hydrant maintenance. <u>U</u>	36. Stand-by power..... N	F. Are All Services Metered?..... N	
18. Flushing program..... <u>U</u>	37. Emergency plan..... U	Percent Metered..... 0	
19. Leak detection/Rp..... <u>U</u>	Misc. Old Survey	G. Is System Presently Under Order.	
20. System map..... S	38. CCR.....	H. If Yes, is System Complying W/ Order.	
		I. Follow-up Scheduled?..... N	
		Date Scheduled..... / /	
		J. Overall Rating..... U	
		Operator/Owner Present?..... Y	

COMMENTS

② well 2 missing air vent, ③ well 506 must have locks ⑩ drum must be graduated
 17+18+19 Must have documentation of these items ②5 tank must be secured in fencing
 ②7 Tanks must be painted ②8 Certified Operator must visit daily
 ③0 Must have bacteriological results and sample siting plan ③5+36 Must develop
 Procedures manual and
 Emergency plan

DHEC Representative

System Representative

Title

DHEC 2113 (Rev 02/91)

Report Date: 03/14/2001

Dowd Water System
77 Dowd Road
Prosperity, SC 29127

ATTACHMENT # 3
Stephenson's Lake

803-345-2285

Mr.
P. O. Box
Chapin, SC 29036

2000

January _____

February _____

March _____

April _____

May _____

June _____

July _____

August _____

September _____

October _____

November _____

December _____

DHEC Fees _____

Past Due _____

Total Amount Due _____ Date Due _____

Thank you.

Sue Dowd